Nova Scotia

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ANNUAL REPORT

for the fiscal year
ending July 31, 1990

Provincial Grain Commission

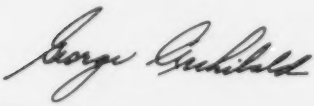
92-01491/

His Honour
The Honourable Lloyd R. Crouse, P.C.
Lieutenant-Governor of the
Province of Nova Scotia
Halifax, Nova Scotia

Dear Sir:

I have the honour to transmit herewith the annual report of the Provincial Grain Commission for the fiscal year ended July 31, 1990.

I am, Your Honour



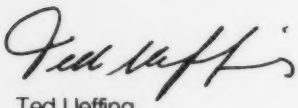
George G. Archibald, P.Ag.
Minister of Agriculture and Marketing

The Honourable George Archibald
Minister of Agriculture & Marketing
Province of Nova Scotia
P.O. Box 190
Halifax, N.S.
B3J 2M4

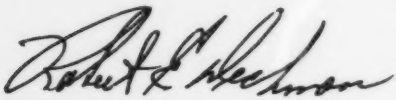
Dear Sir:

Presented herewith in accordance with Section II (2) of the Provincial Grain Commission Act, is the annual report of the Provincial Grain Commission for the fiscal year ended July 31, 1990.

Respectfully submitted,



Ted Ueffing,
Chairman



Robert E. Dechman,
Secretary-Manager

PROVINCIAL GRAIN COMMISSION
ANNUAL REPORT
YEAR ENDING JULY 31, 1990

Commission Members

T. Ueffing — Chairman
E. Kidston — Vice-chairman
R. Cooper
J. Peill
J. Goit
W. Cock
G. Parker

Staff

R. Dechman — Secretary-Manager
B. Barkhouse — Supervisor, Steam Mill Grain Centre
R. Quartermain — Grader
E. Canfield — Manager, Bayhead Grain Centre
D. Wilson — Manager, Middleton Grain Centre
M. Watters — Accounting Clerk

Background

The Provincial Grain Commission was established by an act of the Legislature of Nova Scotia that was assented to by the Lieutenant-Governor on May 19, 1977. Under the act, grain means wheat, oats, rye, corn, fababeans, soybeans, field peas, rapeseed, and such other crops as may be designated by the Governor in Council.

Objectives

The objectives and powers of the Commission, as set down by the act, are:

- to buy, sell, store, dry, grade, and distribute grain and to promote grain production

- to establish prices and make initial and final payments for grain purchased or marketed by the Commission

- to acquire, hold, or lease real and personal property
- to erect buildings and other works necessary for the purchase, sale, drying, storage, and handling of grain
- to administer grain production incentive programs as requested by the Minister
- to enter into and carry out agreements and arrangements for the operation, management, and control of grain-drying and storage facilities
- to carry out such other functions and discharge such other duties as the Minister may from time to time approve or determine.

With the approval of the Governor in Council, the Commission has made the regulations in the following areas:

- respecting the conditions of purchase, sale, and distribution of grain by the Commission
- respecting the kinds, quantities, quality, and dates of purchase of grain purchased by the Commission
- fixing the dates of advance and final payments each year
- fixing rates charged for drying, storing, grading, and handling of grain handled by the Commission.

Summary

Grain-handling Facilities

The Commission operated three grain-handling facilities in the province: one at Steam Mill, Kings County; one at Bayhead, Colchester County; and a third at Middleton, Annapolis County. The services of grading, drying, storage, assembling, and shipping were provided to grain producers at all three locations. Protein evaluation was done at the time of delivery on all loads of wheat.

The Commission assisted grain producers in the area of Colchester County by providing the service of a delivery point at Great Village. Grain delivered to this location was shipped to the Bayhead Grain Centre for drying and cleaning in preparation for market.

Advance Payments

On July 18, 1989, the Commission established the rate of advance payment for the various grains and subsequently provided funds to the Nova Scotia Grain Marketing Board for distribution to growers based on the amount of grain delivered. Advances were provided totalling $752,873.60.

Operational Report

Advance Payments

The following table outlines the funds used, the tonnes delivered to the various marketing pools, and the advances received by each pool.

Table I

ADVANCE PAYMENTS BY COMMODITY

	Tonnes		Total Advances	
Type of Grain	**1988–89**	**1989–90**	**1988–89**	**1989–90**
Wheat	8,923	8,185	$667,058.15	$527,795.42
Rye	189	197	6,799.25	7,885.20
Barley	597	1,056	26,876.57	48,130.89
Oats	785	1,276	14,218.07	55,824.15
Hulless Oats	80	47	4,780.02	2,950.91
Corn	482	2,610	21,671.92	75,554.12
Canola	128	123	11,504.80	10,662.44
Soybeans	67	221	8,337.26	24,070.47
	11,251	**13,715**	**$761,246.04**	**$752,873.60**

Grain-Handling Facilities

The volume of grain handled by the Commission is shown in the following tables and is broken down by the type of grain, source, and location.

Table II

GRAIN HANDLED AT STEAM MILL GRAIN CENTRE

(Tonnes)

	1988–89			1989–90		
Type of Grain	**Local**	**Western**	**Total**	**Local**	**Western**	**Total**
Wheat	6,761.2	—	6,761.2	5,704.9	308.1	6,013.0
Rye	263.5	—	263.5	269.0	—	269.0
Barley	635.3	209.9	845.2	703.0	260.8	963.8
Oats	612.2	—	612.2	1,133.4	—	1,133.4
Corn	411.7	616.2	1,027.9	1,657.6	495.8	2,153.4
Soybean Meal	—	988.0	988.0	—	321.5	321.5
Hulless Oats	87.7	—	87.7	41.8	—	41.8
Soybeans	—	—	—	245.5	—	245.5
Canola Meal	—	10.6	10.6	63.9	—	63.9
	8,771.6	**1,824.7**	**10,596.3**	**9,819.1**	**1,386.2**	**11,205.3**

Table III

GRAIN HANDLED AT BAYHEAD GRAIN CENTRE

(Tonnes)

	1988–89			1989–90		
Type of Grain	**Local**	**Western**	**Total**	**Local**	**Western**	**Total**
Wheat	1,660.3	—	1,660.3	977.1	44.0	1,021.1
Rye	2.0	—	2.0	—	—	—
Barley	320.5	189.7	510.2	282.3	245.5	527.7
Oats	407.8	—	407.8	321.1	—	321.1
Corn	19.2	—	19.2	49.1	28.5	77.6
Hulless Oats	29.6	—	29.6	27.8	—	27.8
Canola	90.0	—	90.0	64.8	—	64.8
Soybeans	—	—	—	38.0	—	38.0
	2,529.4	**189.7**	**2,719.1**	**1,760.2**	**317.9**	**2,078.1**

Table IV

GRAIN HANDLED AT MIDDLETON GRAIN CENTRE

(Tonnes)

	1988–89			1989–90		
Type of Grain	**Local**	**Western**	**Total**	**Local**	**Western**	**Total**
Wheat	1,106.8	—	1,106.8	705.7	—	705.7
Rye	24.6	—	24.6	11.3	—	11.3
Barley	361.8	204.7	566.5	601.9	136.5	738.4
Oats	327.5	—	327.5	529.8	—	529.8
Corn	572.4	43.4	615.8	874.6	—	874.6
Soybeans	—	—	—	23.7	—	23.7
Hulless Oats	—	—	—	18.2	—	18.2
	2,393.1	**248.1**	**2,641.2**	**2,765.2**	**136.5**	**2,901.7**

Acknowledgements

The Provincial Grain Commission wishes to acknowledge the assistance received from producers and producer associations, in particular, the Nova Scotia Grain Marketing Board and the work it has done on behalf of all grain producers in the province.

The Commission wishes also to acknowledge the cooperation received from the milling industry and the livestock feed trade organizations in the province for their assistance in marketing and handling the local crop.

In conclusion, the Commission wishes also to acknowledge the contributions of its operational staff in the dedication to their work and the effort they have put forward to serve their clientele.

PROVINCE OF NOVA SCOTIA

PROVINCIAL GRAIN COMMISSION

FINANCIAL STATEMENTS

JULY 31, 1990

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AUDITOR'S REPORT

To the Minister of Agriculture and Marketing; and

To the Chairman and Members of the
Provincial Grain Commission

I have examined the balance sheet of the Provincial Grain Commission as at July 31, 1990 and the statement of income and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at July 31, 1990, and the results of its operations for the year the ended, in accordance with the accounting policies set out in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

O.P. Cormier, F.C.A.
Auditor General

Halifax, Nova Scotia
November 23, 1990

PROVINCE OF NOVA SCOTIA
PROVINCIAL GRAIN COMMISSION
BALANCE SHEET
AS AT JULY 31, 1990

ASSETS

	1990	1989 Restated
Current		
Cash (Note 3)	$1,552,110	$1,495,850
Accounts receivable	206,121	124,891
Accrued interest	8,937	10,349
Prepaid expenses	5,215	10,887
Grain inventory	54,121	56,959
	$1,826,504	$1,699,026

LIABILITIES AND EQUITY

Current		
Accounts payable	$45,282	$29,086
Due to Producers	8,087	3,038
Long Term		
Advance from Province of Nova Scotia	950,000	950,000
Retained Earnings	823,135	716,902
	$1,826,504	$1,699,026

Approved on Behalf of the Board

Chairman

Member

PROVINCE OF NOVA SCOTIA
PROVINCIAL GRAIN COMMISSION
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED JULY 31, 1990

	1990	1989 Restated
Revenues		
Grain Centre revenues (Schedule A)	$298,085	$250,896
Profit on Commission owned grain	32,228	11,546
Other	6,853	17,116
Other facilities	10,040	4,647
	347,206	284,205
Expenses		
Grain Centre operating expenses (Schedule A)	491,086	501,081
Handling fees, other facilities	21,893	42,642
	512,979	543,723
Operating loss	165,773	259,518
Administrative expenses		
Construction and equipment purchases (Note 2)	258,155	473,691
Salaries	121,627	92,660
Travel and meetings	21,854	18,012
Office expenses	17,989	19,781
Rent	2,323	—
Provision for bad debts	3,918	3,570
Other	10,187	11,513
	436,053	619,227
Less: Interest income	109,188	96,801
Rental income	750	—
	326,115	522,426

	1990	1989 Restated
Loss before Government contribution	491,888	781,944
Contribution by the Province of Nova Scotia (Note 2)	552,243	813,430
Contribution by Government of Canada (Note 5)	72,377	—
	624,620	813,430
Net income before extraordinary item	132,732	31,486
Extraordinary item (Note 6)	26,499	—
Net income	106,233	31,486
Retained earnings, beginning of year	716,902	685,416
Retained earnings, end of year	$823,135	$716,902

PROVINCE OF NOVA SCOTIA
PROVINCIAL GRAIN COMMISSION
NOTES TO FINANCIAL STATEMENTS
JULY 31, 1990

1. Authority

The Provincial Grain Commission was established by the Provincial Grain Commission Act in 1977. Its purpose is to provide grain drying, storage and handling facilities for the farmers of Nova Scotia. During the year three facilities were in operation, one in Steam Mill, Kings Co., one in Bayhead, Colchester Co., and one in Middleton, Annapolis Co.

2. Accounting Policies

These financial statements have been prepared in accordance with generally accepted accounting principles modified by the following policies.

a) Fixed Assets:

Purchases of capital equipment and machinery are expensed in the year of acquisition. As well, costs relating to construction of facilities are expensed in the year incurred.

b) Contribution by the Province of Nova Scotia:

The Department of Agriculture and Marketing pays various operating and administrative expenses as well as some of the capital expenses of the Provincial Grain Commission.

c) Inventories:

Grain inventories owned by the Commission are valued at the market price on July 13, 1990. Grains in storage on behalf of producers are not reflected in these financial statements.

3. Cash

Cash includes both the general cash of the Commission, as well as funds to be used for advance payments to producers to cover the costs of producing grains.

The Commission is authorized to make advance payments to producers through the Nova Scotia Winter Grain Marketing Board. This program is funded by a $950,000 long term

advance from the Province of Nova Scotia. The advances are recovered when the Nova Scotia Winter Grain Marketing Board sells the grains. As at July 31, 1990 $914,593 (1989 — $867,458) was still available to be advanced to producers.

	1990	1989
General operating accounts	$247,577	$303,795
Interest on advance payment account	389,940	324,597
Advance payment account	914,593	867,458
	$1,552,110	**$1,495,850**

4. Restatement of Prior Years' Amounts

Prepared insurance expense has been recorded in these financial statements for the year ended July 31, 1990. The amounts for 1989 have been retroactively restated. This resulted in an increase in net income in 1989 of $1,044 and an increase in retained earnings at the beginning of 1989 of $9,703.

5. Government Assistance

In 1990 the Federal Government, under the Livestock Feed Marketing Program, agreed to fund up to $95,000 of capital expenses related to the construction of a canola crusher. As of July 31, 1990 $72,377 has been recorded as a construction expense and also as a contribution by the Government of Canada.

6. Extraordinary Item

During a prior year the Commission was named as a party in a lawsuit by a resident. The payment of $26,499 resulted from the judgement rendered on the case in favour of the resident.

7. Contingency

The Commission has been named as a third party in a lawsuit for $15,000. At this time, it is not possible to determine the outcome of the action. Settlement, if any, that may result from this lawsuit, is expected to be accounted for as a charge against income for the period in which settlement is made.

Schedule A

PROVINCE OF NOVA SCOTIA
PROVINCIAL GRAIN COMMISSION
GRAIN CENTRE OPERATIONS
FOR THE YEAR ENDED JULY 31, 1990

	Steam Mill		Bay Head		Middleton		Total	
	1990	1989 Restated	1990	1989 Restated	1990	1989 Restated	1990	1989 Restated
Revenues								
Handling, drying and storage fees	$205,092	$143,350	$31,882	$51,516	$61,111	$56,030	$298,085	$250,896
Operating expenses								
Salaries	139,684	130,704	84,352	83,778	75,512	72,066	299,548	286,548
Insurance	16,062	23,284	7,319	7,784	6,075	9,196	29,456	40,264
Maintenance, rentals and repairs	24,529	28,688	33,554	40,736	11,185	17,530	69,268	86,954
Electricity	18,776	13,412	10,691	11,856	7,926	8,141	37,393	33,409
Fuel	24,787	16,612	12,197	15,825	8,683	9,242	45,667	41,679
Trucking	2,077	1,105	4,510	6,570	767	286	7,354	7,961
Storage	502	471	—	87	—	—	502	558
Other	873	2,688	506	600	519	420	1,898	3,708
	227,290	216,964	153,129	167,236	110,667	116,881	491,086	501,081
Operating loss	$ 22,198	$ 73,614	$121,247	$115,720	$ 49,556	$ 60,851	$193,001	$250,185